

Town Of Junction City, Louisiana

Financial Statements
For The Year Ended June 30, 2013



Douglas A. Brewer, LLC
Certified Public Accountant

TOWN OF JUNCTION CITY, LOUISIANA
Financial Report
For the Year Ended June 30, 2013

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Town of Junction City, Louisiana

Junction City, Louisiana

I have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Junction City, Louisiana, as of and for the year ended June 30, 2013, which collectively comprise the Town's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Town of Junction City, Louisiana. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

The management of the Town of Junction City, Louisiana is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 9 and pages 28 through 29, be presented to supplant the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information has not been audited, reviewed, or compiled by me, and I do not express an opinion or provide any assurance on it.

Douglas A. Brewer, LLC

December 18, 2013

Ruston, Louisiana

TOWN OF JUNCTION CITY, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2013

Our discussion and analysis of the Town of Junction City, Louisiana provides an overview of the Town's activities for the year ended June 30, 2013. Please read it in conjunction with the basic financial statements. The intent of this discussion and analysis is to look at the Town's financial performance as a whole.

FINANCIAL HIGHLIGHTS

- The assets of the Town of Junction City, on a government-wide basis, exceeded its liabilities at June 30, 2013 \$1,974,831. Of this amount, \$608,296 is unrestricted. Assets exceeded liabilities by \$1,951,125 at June 30, 2012. Of this amount, \$562,073 was unrestricted.
- The Town's total net position increased by \$23,706 for the fiscal year ended June 30, 2013. This is a result of a \$21,452 increase in governmental net position and a \$2,254 increase in business-type net position. The Town's total net position increased by \$54,765 for the fiscal year ended June 30, 2012. This is a result of a \$29,835 increase in governmental net position and a \$24,930 increase in business-type net position.
- The Town's governmental activities reported combined ending net position at June 30, 2013 of \$821,322. Unrestricted net position accounts for \$536,649. The Town's governmental activities reported combined ending net position at June 30, 2012 of \$799,870. Unrestricted net position accounts for \$481,658.
- The unassigned fund balance of the general fund was \$536,649 at June 30, 2013, or 622% of the total general fund expenditures. The unreserved fund balance of the general fund was \$481,658 at June 30, 2012, or 595% of the total general fund expenditures.
- The general fund reported a surplus of \$54,992 at June 30, 2013. The general fund reported a surplus of \$65,646 at June 30, 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Junction City's basic financial statements. The basic financial statements comprise three components:

- *Government-wide financial statements.*
- *Fund financial statements.*
- *Notes to the financial statements.*

This report contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements that present different views of the Town:

TOWN OF JUNCTION CITY, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2013

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town's government, reporting operations in more detail than the government-wide statements.
- The governmental fund statement tells how general government services like public safety were financed in the short-term as well as what amounts remain for future spending.
- The proprietary fund statement offers short and long-term financial information about the activities the government operates like businesses, such as the public utilities (water, sewer, sewer treatment systems).

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

In the past, the primary focus of local government financial statements has been summarized fund type information on a current resources basis. However, with the implementation of Statement No. 34 of the Governmental Accounting Standards Board (GASB Statement No. 34) for June 30, 2005, the new focus is on both the Town as a whole (government-wide) and the fund financial statements. Each view provides a different snapshot of the Town's finances. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year-to-year or government-to-government) and enhance the Town's accountability.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Town of Junction City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position and the statement of activities, which are the government-wide statements, include all of the government's assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the Town's net assets and how they have changed. Net position – the difference between the Town's assets and liabilities – are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating.

In the statement of net position and the statement of activities, the Town is divided into two categories:

- Governmental activities – Most of the Town's basic services are included here, such as the activities of the police, garbage and trash collection, park, and general administration. Franchise fees, insurance taxes, traffic fines, and payments from other governments finance most of these activities.

TOWN OF JUNCTION CITY, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2013

- Business-type activities – The town charges fees to customers to cover the cost of the services it provides. Water, sewer and sewer treatment are included here. Grants have provided most of the capital assets required for these services.

FUND FINANCIAL STATEMENTS

The format of the fund financial statements will be more familiar to traditional users of government financial statements. The fund financial statements provide more detailed information about the Town's most significant funds – not the Town as a whole. Funds are accounting mechanisms that the Town uses to keep track of specific sources of funding and spending for particular purposes.

The Town has two kinds of funds:

- Governmental funds – Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided on a subsequent page that explains the relationship (or differences) between the government-wide and fund statements.
- Proprietary funds – Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short-term and long-term financial information. The Town's enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

The Total Governmental Funds column requires reconciliation because of the different measurement focus from the government-wide statements (current financial resources versus total economic resources) which is reflected at the bottom of each statement. The flow of current financial resources will reflect interfund transfers as other financing sources as well as capital expenditures as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column (in the government-wide statements).

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's combined net position for the 2012-2013 fiscal year increased by \$23,706. A condensed statement of position for the years ended June 30, 2013 and 2012 is shown below:

TOWN OF JUNCTION CITY, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2013

For The Year Ended June 30, 2013

	Governmental Activities	Business Type Activities	Total Primary Government
ASSETS:			
Current and Other Assets	\$ 537,929	\$ 121,005	\$ 658,934
Capital Assets	284,673	1,247,502	1,532,175
Total Assets	<u>\$ 822,602</u>	<u>\$ 1,368,507</u>	<u>\$ 2,191,109</u>

LIABILITIES:			
Long-term Debt Outstanding	\$ -	\$ 174,946	\$ 174,946
Other Liabilities	1,280	40,052	41,332
Total Liabilities	<u>1,280</u>	<u>214,998</u>	<u>216,278</u>

NET POSITION:			
Invested in Capital Assets Net of Debt	284,673	1,053,118	1,337,791
Restricted	-	28,744	28,744
Unrestricted	536,649	71,647	608,296
Total Net Position	<u>\$ 821,322</u>	<u>\$ 1,153,509</u>	<u>\$ 1,974,831</u>

For The Year Ended June 30, 2012

	Governmental Activities	Business Type Activities	Total Primary Government
ASSETS:			
Current and Other Assets	\$ 482,845	\$ 110,060	\$ 592,905
Capital Assets	318,212	1,278,121	1,596,333
Total Assets	<u>\$ 801,057</u>	<u>\$ 1,388,181</u>	<u>\$ 2,189,238</u>

LIABILITIES:			
Long-term Debt Outstanding	\$ -	\$ 218,681	\$ 218,681
Other Liabilities	1,188	18,245	19,433
Total Liabilities	<u>1,188</u>	<u>236,926</u>	<u>238,114</u>

NET POSITION:			
Invested in Capital Assets Net of Debt	318,212	1,070,840	1,389,052
Restricted	-	29,645	29,645
Unrestricted	481,658	50,770	532,428
Total Net Position	<u>\$ 799,870</u>	<u>\$ 1,151,255</u>	<u>\$ 1,951,125</u>

TOWN OF JUNCTION CITY, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2013

Net Position (assets less liabilities) may serve over time as a useful indicator of a government's financial position. The Town of Junction City's assets exceeded liabilities by \$1,951,125 at the close of the fiscal year. The largest portion of the Town's net position (67.75%) reflects its investment in capital assets. The Town uses these assets to provide services to its citizens and those assets are not available for spending.

Government Activities

Net Position of the Town's governmental activities increased \$21,452 and \$29,835 for the years ended June 30, 2013 and 2012.

Business-type Activities

Net Position of the Town's business-type activities increased \$2,254 for the fiscal year ended June 30, 2013 and increased \$24,930 for the fiscal year ended June 30, 2012.

Statement of Activities

The following tables show the revenues and expenses of the governmental and business type activities for the fiscal years ended June 30, 2013 and 2012:

For The Year Ended June 30, 2013

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total Primary Government</u>
REVENUES:			
Program Revenues			
Charges for Services	\$ 5,750	\$ 118,883	\$ 124,633
Operating Grants and Contributions	8,400	-	8,400
Capital Grants and Contributions	-	24,974	24,974
General Revenues			
Property Taxes	5,935	-	5,935
Sales Taxes	32,836	-	32,836
Franchise Revenue	10,136	-	10,136
Occupational Licenses	70,302	-	70,302
Interest Earned	3,144	441	3,144
Miscellaneous	4,700	-	4,700
Total Revenues	<u>141,203</u>	<u>144,298</u>	<u>285,501</u>

TOWN OF JUNCTION CITY, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2013

EXPENSES:

General Government	68,427	-	68,427
Public Safety	51,324	-	51,324
Utilities	-	142,044	142,044
Total Expenses	<u>119,751</u>	<u>142,044</u>	<u>261,795</u>
Increase/Decrease in Net Position	21,452	2,254	23,706
Net Position Beginning	799,870	1,151,255	1,951,125
Net Position Ending	<u>\$ 821,322</u>	<u>\$ 1,153,509</u>	<u>\$ 1,974,831</u>

For The Year Ended June 30, 2012

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total Primary Government</u>
REVENUES:			
Program Revenues			
Charges for Services	\$ 8,349	\$ 118,089	\$ 126,438
Operating Grants and Contributions	7,700	-	7,700
Capital Grants and Contributions	-	50,000	50,000
General Revenues			
Property Taxes	6,117	-	6,117
Sales Taxes	29,015	-	29,015
Franchise Revenue	11,242	-	11,242
Occupational Licenses	69,080	-	69,080
Interest Earned	2,764	-	2,764
Miscellaneous	12,418	-	12,418
Total Revenues	<u>146,685</u>	<u>168,643</u>	<u>315,328</u>
EXPENSES:			
General Government	67,564	-	67,564
Public Safety	49,286	-	49,286
Utilities	-	143,713	143,713
Total Expenses	<u>116,850</u>	<u>143,713</u>	<u>260,564</u>
Increase/Decrease in Net Position	29,835	24,930	54,765
Net Position Beginning	770,035	1,126,325	1,896,360
Net Position Ending	<u>\$ 799,870</u>	<u>\$ 1,151,255</u>	<u>\$ 1,951,125</u>

TOWN OF JUNCTION CITY, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2013

Governmental Activities

During the fiscal years ended June 30, 2013 and 2012, the major sources of income were:

	<u>2013</u>	<u>2012</u>
• Sales Tax	20%	20%
• Franchise Fees	8%	8%
• Occupational Licenses	47%	47%
• Fines & Forfeitures	6%	6%
• Grant Funds	50%	0%
• Investment Earnings	2%	2%

Business-type Activities

Total revenues from business-type activities were \$144,298 and \$168,643 for the fiscal years ended June 30, 2013 and 2012.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

The Town of Junction City uses Fund accounting and demonstrates compliance with finance-related legal requirements.

Government Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Town's combined ending fund balances were \$536,649 and \$481,658 at June 30, 2013 and 2012. The unassigned portions or the portion available for spending were \$536,649 and \$481,658.

Proprietary Funds

The Town's proprietary funds provide the same type information found in the government-wide financial statements, but in more detail.

Net position of the Utilities Enterprise fund were \$1,153,509 and \$1,151,255 at June 30, 2013 and 2012. The fund had operating losses of \$23,161 and \$25,624, respectively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Town of Junction City's investment in capital assets for its governmental and business-type activities as of June 30, 2013 and 2012 amounted to \$1,247,502 and \$1,596,333 and (net of depreciation). This investment includes land, buildings and improvements, equipment, vehicles, water

TOWN OF JUNCTION CITY, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2013

and sewer facilities. The outstanding debt of \$194,384 and \$218,681 is to Louisiana Department of Transportation & Development for utility relocation assistance.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town's management and elected officials considered many factors when preparing the 2013-2014 budget. Most revenue sources should remain fairly consistent with prior year collections.

REQUEST FOR INFORMATION

This financial report is to provide citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the funds it receives. If you have any questions about this report or need additional information, contact the Town Clerk, Town of Junction City, Louisiana, P.O. Box, 142, Junction City, Louisiana 71749.

TOWN OF JUNCTION CITY, LOUISIANA
Statement of Net Position
June 30, 2013

Assets	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents	\$ 197,294	\$ 42,089	\$ 239,383
Investments	323,477	83,038	406,515
Receivables	-	13,036	13,036
Internal Balances	17,158	(17,158)	-
Capital Assets			
Land, Improvements, and Construction in Progress	30,000	1,400	31,400
Other Capital Assets, Net of Depreciation	254,673	1,246,102	1,500,775
Total Assets	\$ 822,602	\$ 1,368,507	\$ 2,191,109
 Liabilities and Net Position			
Liabilities			
Accounts Payable and Accrued Expenses	\$ 1,280	\$ 2,969	\$ 4,249
Customer Deposits	-	17,645	17,645
Long-Term Liabilities			
Notes Payable - Due Within One Year	-	19,438	19,438
Notes Payable - Due In More Than One Year	-	174,946	174,946
Total Liabilities	1,280	214,998	216,278
Net Position			
Invested in Capital Assets, Net of Related Debt	284,673	1,053,118	1,337,791
Restricted For:			
Debt Service	-	28,744	28,744
Unrestricted	536,649	71,647	608,296
Total Net Position	821,322	1,153,509	1,974,831
 Total Liabilities and Net Position	 \$ 822,602	 \$ 1,368,507	 \$ 2,191,109

See accompanying notes and independent accountant's review report.

TOWN OF JUNCTION CITY, LOUISIANA
Statement of Activities
For The Year Ended June 30, 2013

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 68,427	\$ -	\$ -	\$ -	\$ (68,427)	\$ -	\$ (68,427)
Public Safety	51,324	5,750	-	8,400	(37,174)	-	(37,174)
Total Governmental Activities	<u>\$ 119,751</u>	<u>\$ 5,750</u>	<u>\$ -</u>	<u>\$ 8,400</u>	<u>\$ (105,601)</u>	<u>\$ -</u>	<u>\$ (105,601)</u>
Business-Type Activities:							
Utilities	\$ 142,044	\$ 118,883	\$ 24,974	\$ -	\$ -	\$ 1,813	\$ 1,813
Total Business-Type Activities	<u>\$ 142,044</u>	<u>\$ 118,883</u>	<u>\$ 24,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,813</u>	<u>\$ 1,813</u>
Total Primary Government	<u>\$ 261,795</u>	<u>\$ 124,633</u>	<u>\$ 24,974</u>	<u>\$ 8,400</u>	<u>\$ (105,601)</u>	<u>\$ 1,813</u>	<u>\$ (103,788)</u>

General Revenues:

Taxes:			
Property Taxes Levied for General Purposes	5,935	-	5,935
Sales Tax levied for General Purposes	32,836	-	32,836
Franchise Revenues	10,136	-	10,136
Occupational Licenses	70,302	-	70,302
Unrestricted Investment Earnings	3,144	441	3,585
Miscellaneous	4,700	-	4,700
Transfers	-	-	-
Total General Revenues and Transfers	<u>127,053</u>	<u>441</u>	<u>127,494</u>
Changes in Net Position	21,452	2,254	23,706
Net Position - Beginning	799,870	1,151,255	1,951,125
Net Position - Ending	<u>\$ 821,322</u>	<u>\$ 1,153,509</u>	<u>\$ 1,974,831</u>

See accompanying notes and independent accountant's review report.

TOWN OF JUNCTION CITY, LOUISIANA
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Total Governmental Funds
Assets		
Cash and Cash Equivalents	\$ 197,294	\$ 197,294
Investments	323,477	323,477
Due From Other Funds	17,158	17,158
Total Assets	\$ 537,929	\$ 537,929
Liabilities and Fund Balances		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 1,280	\$ 1,280
Total Liabilities	1,280	1,280
Fund Balances		
Unassigned	536,649	536,649
Total Fund Balances	536,649	536,649
Total Liabilities and Fund Balances	\$ 537,929	

Amounts reported for *Governmental Activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds

284,673

Net Position of Governmental Activities

\$ 821,322

See accompanying notes and independent accountant's review report.

TOWN OF JUNCTION CITY, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Total Governmental Funds
Revenues		
Taxes	\$ 48,907	\$ 48,907
Intergovernmental	8,400	8,400
Licenses and Permits	70,302	70,302
Fines and Forfeitures	5,750	5,750
Miscellaneous	7,844	7,844
Total Revenues	141,203	141,203
Expenditures		
General Government	54,673	54,673
Public Safety	31,538	31,538
Total Expenditures	86,211	86,211
Excess of Revenues over Expenditures	54,992	54,992
Other Financing Sources (Uses)		
Operating Transfers - In	-	-
Operating Transfers - Out	-	-
Total Other Financing Sources (Uses)	-	-
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	54,992	54,992
Fund Balances, Beginning of Year	481,658	
Fund Balances, End of Year	\$ 536,650	

Net Changes in Fund Balances - Total Governmental Funds 54,992

*Amounts reported for governmental activities in the statement
of activities are different because:*

Governmental funds report capital outlays as expenditures while
governmental activities report depreciation expense to allocate
those expenditures over the life of the assets:

Capital assets purchased capitalized	2,272
Depreciation expense	(35,812)
	(33,540)
Changes in Net Position in Governmental Activities	\$ 21,452

See accompanying notes and independent accountant's review report.

TOWN OF JUNCTION CITY, LOUISIANA
Statement of Net Position
Proprietary Funds
June 30, 2013

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 32,194
Investments	64,189
Receivables	13,036
Total Current Assets	<u>109,419</u>
Noncurrent Assets:	
Restricted Cash and Investments	28,744
Capital Assets	
Land, Improvements	1,400
Office Equipment	1,901
Treatment Facilities	1,542,652
Water Wells and Lines	439,144
Total Capital Assets	<u>1,985,097</u>
Less: Accumulated Depreciation	<u>(737,595)</u>
Net Capital Assets	<u>1,247,502</u>
Total Noncurrent Assets	<u>1,276,246</u>
Total Assets	<u>\$ 1,385,665</u>

Liabilities and Net Position	
Liabilities	
Current Liabilities	
Accounts Payable and Accrued Expenses	\$ 2,969
Customer Deposits	17,645
Due to Other Funds	17,158
Current Portion - URAF Payable	19,438
Total Current Liabilities	<u>57,210</u>
Noncurrent Liabilities	
URAF Payable - LA DOTD	\$ 174,946
Total Noncurrent Liabilities	<u>174,946</u>
Total Liabilities	<u>232,156</u>

Net Position	
Invested in Capital Assets, Net of Related Debt	1,053,118
Restricted	28,744
Unrestricted	71,647
Total Net Position	<u>1,153,509</u>
Total Liabilities and Net Position	<u>\$ 1,385,665</u>

See accompanying notes and independent accountant's review report.

TOWN OF JUNCTION CITY, LOUISIANA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Business-Type Activities Enterprise Fund
<u>Operating Revenues</u>	
Charges for Services - Water Sales & Sewer Fees	\$ 118,883
Total Operating Revenues	<u>118,883</u>
<u>Operating Expenses</u>	
Depreciation	55,593
Insurance	16,898
Licenses & Permits	2,445
Legal & Accounting	850
Materials, Repairs & Supplies	11,765
Mowing	1,766
Office Supplies & Expenses	1,523
Payroll Taxes	2,047
Salaries & Wages	27,369
Sample Collections/Testing	3,150
Utilities	18,638
Total Operating Expenses	<u>142,044</u>
Total Operating Income /(Loss)	<u>(23,161)</u>
<u>Non Operating Revenues/(Expenses)</u>	
Interest Income	441
Grants	24,974
Total Non Operating Revenues/(Expenses)	<u>25,415</u>
Net Income Before Operating Transfers	2,254
<u>Operating Transfers</u>	
Operating Transfers - In/(Out)	<u>-</u>
Net Income	\$ 2,254
Net Position, Beginning of Year	1,151,255
Net Position, End of Year	<u>\$ 1,153,509</u>

See accompanying notes and independent accountant's review report.

TOWN OF JUNCTION CITY, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Business-Type Activities Enterprise Fund
<u>Cash Flows From Operating Activities</u>	
Receipts from Customers	\$ 117,998
Payments to Provide Services	(56,113)
Payments to Employees	(27,369)
Net Cash Provided (Used) by Operating Activities	<u>34,516</u>
<u>Cash Flows From Noncapital Financing Activities</u>	
Decrease in Customer Deposits	(600)
Decrease in Restricted Assets	901
Net Cash Provided (Used) by Noncapital Financing Activities	<u>301</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	(24,974)
Grant Funds Received	24,974
Principal Paid on URAF Agreement	(24,298)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(24,298)</u>
<u>Cash Flows From Investing Activities</u>	
Increase in Investments	(441)
Interest Earned	441
Net Cash Provided (Used) by Investing Activities	<u>-</u>
Net Increase/(Decrease) in Cash And Cash Equivalents	<u>10,519</u>
Cash And Cash Equivalents, Beginning of Year	21,675
Cash And Cash Equivalents, End of Year	<u><u>\$ 32,194</u></u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities	
Operating Income/(Loss)	\$ (23,161)
<i>Adjustments to Reconcile Net Loss to Net Cash Provided (Used) by Operating Activities:</i>	
Depreciation	55,593
Increase in Accounts Receivable	(885)
Increase in Accounts Payable	2,969
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ 34,516</u></u>

See accompanying notes and independent accountant's review report.

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2013

INTRODUCTION

The Town of Junction City, Louisiana (the Town) consists of an executive branch of government headed by a mayor and a legislative branch of government consisting of three aldermen. The Town's combined balance sheet includes the accounts of all the Town's operations. The Town's major operations include police protection, garbage and trash collection, culture/recreation, highways, streets, and administrative services. In addition, the Town operates a Utility Enterprise Fund to provide water and sewerage services.

The following is a summary of certain significant accounting policies and practices:

Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued *Statement 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and *Statement 35 Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. These statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. They require new information and restructure much of the information that government should have presented in the past. Comparability with reports issued in years prior to 2004 is affected.

Other GASB Statements are required to be implemented in conjunction with GASB Statements 34 and 35. Therefore, the Town has implemented the following GASB Statements: *Statement 37 – Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and *Statement 38 – Certain Financial Statements Note Disclosures*.

The accompanying financial statements present the financial position of the Town and the various funds and fund types, the results of operations of the Town and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2013 and for the year then ended.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Junction City, Louisiana is considered a separate financial reporting entity. This financial reporting entity consists of (a) the primary government, the Town of Junction City, Louisiana, (b) organization for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement 14 established criteria for determining which component units should be considered part of the Town of Junction City, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2013

voting majority of an organization's governing body and (1) the ability of the Town to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Town; Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town; Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship. Based on the previous criteria, the Town has determined that there are no component units that are part of the reporting entity.

Government- Wide and Fund Financial Statements

The government-wide financial statements (the statements of net position and the statements of activities) report information of all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as programs revenues. The Town does not allocate general government (indirect) expenses to other functions.

Net position are restricted when constraints placed on them are either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2013

Government Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Principal revenue sources considered susceptible to accrual include federal grants, interest on investments, sales and income taxes, and lease payments receivable. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the Town's present appropriation system. These revenues have been accrued in accordance with accounting principles generally accepted in the United States of America since they have been earned and are expected to be collected within sixty days of the end of the period. Other revenues are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modification to the accrual basis of accounting include: Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at June 30, 2012 has been reported only in the government-wide financial statements. Interest on general long-term obligations is recognized when paid. Debt service expenditures are recorded only when payment is due.

Proprietary Funds – The financial statements of the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

Each proprietary fund has the option under Governmental Accounting Standards Board (GASB), Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting* to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The primary government's enterprise fund has elected to not apply FASBs issued after the applicable date.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund Accounting

The financial activities of the Town are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Town uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2013

Major Governmental Funds

General Fund – This fund accounts for all activities of the Town not specifically required to be accounted for in other funds. Included are transactions for services such as general government, health services, public safety, regulatory services, and social services.

Proprietary Funds

Water and Sewer Funds – These funds are used to account for the provision of water and sewerage to residents of the Town of Junction City. These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Budgets

The Town uses the following budget practices:

1. In May of each year, the town clerk submits to the board of alderman a proposed operating budget for the fiscal year commencing the following July. The operating budget includes proposed expenditures and expenses and the means of financing them.
2. In June of each year, the budget is legally enacted through passage of ordinance. The public is invited to attend all meetings.
3. The Town clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures or expenses of any fund must be approved by the board of aldermen.

Budget comparison statements included in the accompanying financial statements include the original adopted budgets and all subsequent adopted amendments.

Cash and Cash Equivalents

Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

For purposes of the Statement of Cash Flows, cash equivalents include all highly liquid investments (including restricted assets) with a maturity date of three months or less when purchased.

Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2013

Short-Term Interest Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Bad Debts

Uncollectible amounts for ad valorem taxes and utility receivables are generally not significant. As a result, the direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible.

Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized in the general fixed assets account group. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or fair market value at date of gift, if donated.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operation is charged as an expense against operations. Depreciation is computed using the straight-line method. The estimated useful lives are as follows:

Buildings	40 years
Improvements	40-50 years
Equipment	5-10 years

Compensated Absences

The Town does not have a formal leave policy.

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

Fund Equity

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The nonspendable fund balance classification

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2013

includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted Fund Balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the town aldermen – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the town aldermen remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance - This classification reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. The Town aldermen and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance - This fund balance is the residual classification for the general fund. It is used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed.

Total Columns on Combined Statements

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operation, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 – Cash and Cash Equivalents

Custodial credit risk – deposits. The Town's cash and certificates of deposit consist of deposits with financial institutions. State statutes govern the Town's investment policy. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations and repurchase agreements. In

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2013

addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates the local government investment pool. Collateral is required for demand deposits, certificates of deposit, savings certificates of savings and loan associations and repurchase agreements at 100% of all amounts not covered by deposit insurance. Obligations that may be pledged as collateral are obligations of the United States government and its agencies and obligations of the state and its subdivisions. Per Louisiana State law, collateral is not required for funds invested in LAMP.

The following is a schedule of the Town's cash and certificates of deposit at June 30, 2013. Differences between the Town's balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks.

	<u>Book Balance</u>	<u>Bank Balance</u>
Cash on Deposit	\$ 239,383	\$ 196,126
Certificates of Deposit	<u>406,515</u>	<u>384,960</u>
Total	<u>\$ 645,898</u>	<u>\$ 636,659</u>

The Town's deposits are collateralized as follows:

FDIC Insured Deposits	\$ 250,000
Uninsured Deposits:	
Collateralized	<u>386,659</u>
Total Deposits	<u>\$ 636,659</u>

Credit risk. The Town's only investments are the certificates of deposit mentioned above, therefore the Town is exposed to no credit risk.

Concentration of credit risk. The Town does not limit the amount that may be invested in securities of any one issuer. Applicable state statutes do not place limits on credit concentration.

Interest rate risk. The Town manages its exposure to declines in fair values by limiting the maturity of its investments to not longer than one year.

Note 3 – Investments

At June 30, 2013, the Town's investments consisted of certificates of deposit in the amounts of \$406,515 and restricted deposits in the amount of \$28,744. See Note 2.

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2013

Note 4 – Ad Valorem Taxes

Property taxes are assessed and collected on a calendar year. Property taxes attach as an enforceable lien on property as of January 1. Tax notices are usually mailed in November each year and become delinquent after December 31, of that year.

The ad valorem tax millage is 4.71 mills. For the calendar year 2012, the 4.71 mills were levied on property with an assessed valuation totaling \$932,390 and were dedicated entirely for general purposes.

Note 5 – Receivables

Receivables at June 30, 2013, consisted of the following:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Accounts Receivable - Customers	\$ -	\$ 13,036	\$ 13,036
Due From Other Governments	-	-	-
Total	\$ <u>-</u>	\$ <u>13,036</u>	\$ <u>13,036</u>

Note 6 – Restricted Assets

At June 30, 2013, restricted assets were either in the form of demand deposits or certificates of deposit. These assets represent amounts held as follows:

Utility Customer Deposits	\$ 18,849
Debt Service Reserve	<u>9,895</u>
Totals	<u>\$ 28,744</u>

Note 7 – Notes Payable

Long-term debt consists of the following at June 30, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business Type Activities:					
Notes Payable:					
URAF Payable – LA DOTD	\$ 218,682	\$ -	\$ 24,298	\$ 194,384	\$19,438
Totals	<u>\$ 218,682</u>	<u>\$ -</u>	<u>\$ 24,298</u>	<u>\$ 194,384</u>	<u>\$19,438</u>

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2013

The annual debt service requirements to maturity for long-term debt as of June 30 are as follows:

Year Ended June 30,	URAF Payable	
	Principal	Interest
2014	19,438	-0-
2015	17,495	-0-
2016	15,745	-0-
2017	14,171	-0-
2018	12,754	-0-
Thereafter	114,781	-0-
Totals	<u>194,384</u>	<u>-0-</u>

The Town entered into a Utilities Relocation Assistance Funding (URAF) agreement on May 10, 2006. This agreement is for the utility relocation along the U.S. Highway 167 expansion route. The agreement stipulates a minimum annual payment of ten percent (10%) of the principal balance.

Note 8 – Capital Assets

A summary of changes in capital assets follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 30,000	\$ 2,272	\$ -	\$ 32,272
Total capital assets, not being depreciated:	30,000	2,272	-	32,272
Capital assets, being depreciated				
Buildings & Improvements	273,270	-	-	273,270
Vehicles	247,540	-	-	247,540
Equipment	125,503	-	-	125,503
Total capital assets, being depreciated:	646,313	-	-	646,313
Less accumulated depreciation for:				
Buildings & Improvements	69,888	-	8,221	78,109
Vehicles	168,185	-	17,220	185,405
Equipment	120,028	-	10,370	130,398
Total accumulated depreciation	358,101	-	35,811	393,912
Total capital assets, being depreciated, net	288,212	-	35,811	252,401
Governmental activities capital assets, net	\$ 318,212	\$ 2,272	\$ 35,811	\$ 284,673

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,400	\$ -	\$ -	\$ 1,400
Construction in Progress	-	-	-	-
Total capital assets, not being depreciated:	1,400	-	-	1,400
Capital assets, being depreciated:				
Buildings & Improvements	19,468	-	-	19,468
Waterworks System and Treatment Facilities	1,915,815	24,974	-	1,940,789
Machinery and Equipment	23,440	-	-	23,440
Total capital assets, being depreciated:	1,958,723	24,974	-	1,983,697
Less accumulated depreciation for:				
Buildings & Improvements	11,722	-	244	11,966
Waterworks System and Treatment Facilities	646,573	-	53,167	699,740
Machinery and Equipment	23,707	-	2,182	25,889
Total accumulated depreciation	682,002	-	55,593	737,595
Total capital assets, net	1,276,721	24,974	55,593	1,246,102
Business type activities capital assets, net	\$ 1,278,121	\$ 24,974	\$ 55,593	\$ 1,247,502

Note 9 – Interfund Receivables and Payables

Individual fund interfund receivables and payables at June 30, 2013, were as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 17,158	\$ -
Enterprise Fund	-	17,158
Total	\$ 17,158	\$ 17,158

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2013

Note 10 – Pension and Retirement Plans

At June 30, 2013, there were no Town employees participating in any of the State retirement systems.

Note 11– Post-employment Health Care Benefits

The Town does not provide medical coverage for its retirees; consequently there is no liability for post-employment health care benefits.

Note 12 – Compensation of Mayor and Alderman

The mayor and alderman of the Town of Junction City, Louisiana, were paid the following amounts during the fiscal year ended June 30, 2013:

Mr. Preston Rogers, Mayor	\$	4,800
Mrs. Barbara Daniels		1,200
Mr. Terry Enis		588
Mr. Arnold Jones		<u>1,200</u>
Total	\$	<u>7,788</u>

Note 13 – Subsequent Events

Date of Management Evaluation

Management has evaluated subsequent events through December 18, 2013, the date on which the financial statements were available to be issued.

Required Supplemental Information

TOWN OF JUNCTION CITY, LOUISIANA
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	GAAP Basis	Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 50,000	\$ 50,000	\$ 48,907	\$ (1,093)
Intergovernmental	10,000	7,500	8,400	900
Licenses and Permits	70,000	70,000	70,302	302
Fines and Forfeitures	6,500	6,000	5,750	(250)
Miscellaneous	9,500	7,500	7,844	344
Total Revenues	146,000	141,000	141,203	203
Expenditures				
General Government	77,500	77,500	54,673	22,827
Public Safety	44,000	44,000	31,538	12,462
Total Expenditures	121,500	121,500	86,211	35,289
Excess of Revenues over Expenditures	24,500	19,500	54,992	35,492
Other Financing Sources (Uses)				
Operating Transfers - In	-	-	-	-
Operating Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	24,500	19,500	54,992	35,492
Fund Balances, Beginning of Year	481,658	481,658	481,658	-
Fund Balances, End of Year	\$ 506,158	\$ 501,158	\$ 536,650	\$ 35,492

See accompanying notes and independent accountant's review report.

TOWN OF JUNCTION CITY, LOUISIANA
Notes To Budgetary Comparison Schedule
For The Year Ended June 30, 2013

The Town uses the following budget practices:

1. In May of each year, the Mayor submits to the Board of Aldermen an operating and capital budget for the succeeding year.
2. A public hearing is scheduled by the Mayor and the Board of Aldermen after allowing for at least ten days notice to the public at the time the budget is initially submitted to the Board of Aldermen.
3. Final adoption of the budget by the Board of Aldermen is in June.
4. The Mayor may authorize transfers of budgetary amounts within departments. Any revision requiring alteration of levels of expenditures or transfers between departments must be approved by the Board of Aldermen.
5. Operating appropriations and non-major capital appropriations, to the extent not expended, lapse at year end.
6. All legally adopted budgets of the Town are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgets are adopted for the General Fund and the Utility Enterprise Fund.

Budget comparison statements included in the accompanying financial statements include the original adopted budget and all subsequent adopted amendments.

Douglas A. Brewer, LLC

Certified Public Accountant

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P.O. Box 1250

Ruston, LA 71273-1250

Phone: (318) 255-8244 Fax: (318) 255-8245

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Town of Junction City, Louisiana
P.O. Box 142
Junction City, Louisiana 71749-0142

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Town of Junction City, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Town of Junction City, Louisiana's compliance with certain laws and regulations during the fiscal year ended June 30, 2013 included in the accompanying *Louisiana Attestation Questionnaire*. Management of the Town of Junction City, Louisiana is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the *American Institute of Public Accountants* and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with R.S. 38:2211-2296 (the public bid law) or R.S. 39:1551-39:1775 (the state procurement code), whichever is applicable

There were no expenditures made during the year for materials and supplies exceeding \$30,000.

There were no expenditures made during the year for public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board member, and employees, as well as their immediate families.

Management provided me the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list provided by management in agreed-upon procedure (3) appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided me with a copy of the original budget. There was one amendment to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

The original budget was adopted on June 14, 2012. The amended budget was adopted on June 13, 2013.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budget amounts by 5% or more.

I compared the revenues and expenditures of the budget to actual revenues and expenditures. Actual revenues did not vary unfavorably by more than 5% for the fiscal year. Expenditures for the year did not vary unfavorably from budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for the six disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

All six payments were coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval from the proper authorities.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:1 – 13 (the open meetings law).

I examined copies of notices and agendas for all council meetings held during the fiscal year.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected bank deposits for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

I inspected payroll records for the fiscal year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

My prior year report, dated December 19, 2012, disclosed one finding that has been resolved.

I was not engaged to perform, and did not perform an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Town of Junction City, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Douglas A. Brewer, LLC

Ruston, Louisiana
December 18, 2013

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

September 11, 2013

Douglas A. Brewer, LLC
Certified Public Accountant
P.O. Box 1250
Ruston, LA 71273-1250

In connection with your review of our financial statements as of June 30, 2013 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of September 11, 2013.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes ☒ No ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes ☒ No ☐

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes ☒ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes ☒ No ☐

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

Preston Rogers

Mayor

9-11-13

Date

Carolyn Enri

Town Clerk

9-11-13

Date

TOWN OF JUNCTION CITY, LOUISIANA
Schedule of Findings and Responses
For The Fiscal Year Ended June 30, 2013

Current Year Finding and Responses

There were no findings for the fiscal year ended June 30, 2013.

Prior Year Finding and Responses

12-01 Local Budget Act- Budget Format

Condition:

It was noted that the budget was not presented in the format required by Louisiana Revised Statute 39:1305.C(2)(a).

Recommendation:

Budgets should be prepared in the format required by Louisiana law.

Management's Corrective Action Plan:

The Town of Junction City will present future budgets in the format required by Louisiana law.